

## Message Text

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FM AMCONSUL LUANDA

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INFO AMEMBASSY LONDON

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C O N F I D E N T I A L LUANDA 0292

E.O. 11652: GDS

TAGS: ECON EPAP AO

SUBJ: COFFEE AND POLITICS

1. ANGOLA'S CROP OUTLOOK, ESPECIALLY FOR COFFEE AND COTTON, IS POOR AND POLITICAL UNCERTAINTIES MAY CAUSE A LONG TERM DECLINE IN AGRICULTURAL PRODUCTION. THE DEPARTMENT MAY BE INTERESTED IN SOME OBSERVATIONS ON THE ANTICIPATED POOR COFFEE CROP BASED ON RECENT CONVERSATIONS AND A TRIP INTO THE INTERIOR WITH THE AGRICULTURAL ATTACHE.
2. OFFICIALS AT THE ANGOLAN COFFEE INSTITUTE EXPECT THE 1975-1976 CROP TO BE DOWN FORTY PERCENT FROM LAST YEAR, THAT IS, A HARVEST OF 132,000 TONS COMPARED WITH 220,000 TONS THIS PAST SEASON. STOCKS ARE ADEQUATE, HOWEVER, TO SUPPLY ALL DEMAND. THE INSTITUTE BLAMES THE ANTICIPATED DROP ON LACK OF RAINFALL AND A SHORTAGE OF LABOR CAUSED BY THE UNSETTLED POLITICAL SITUATION. COFFEE GROWERS AND EXPORTERS HAVE TOLD ME THEY LOOK FOR A REDUCTION FROM LAST YEAR OF BETWEEN TWENTY FIVE AND FORTY PERCENT AND THEY, TOO, CONFIDENTIAL

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CITE WEATHER AND LACK OF HANDS. DESPITE THE UNIVERSAL CONDEMNATION

OF THE WEATHER, HOWEVER, THE PICUTRE ISN'T ALL BAD IN THAT RESPECT. IN NORTHERN ANGOLA, THE MAJOR PRODUCING REGION, THE RAINS HAVE BEEN GOOD AND THE BUSHES ARE HEAVILY LOADED. ONE GROWER IN THE AREA PUT HIS WORRIES VERY SUCCINCTLY; IT WILL BE A GOOD CROP, HE SAID, IF IT IS HARVESTED. FOR HIM, AND FOR MANY OTHER PLANTERS, THE LABOR QUESTION IS PARAMOUNT.

3. AT THE TIME OF THE YEAR GROWERS NEED LARGE AMOUNTS OF LABOR TO CUT THE GRASS AND WEEDS THAT SPRING UP AROUND THE PLANTS AND REDUCE YIELDS IF NOT ELIMINATED. MANY FAZENDAS TODAY HAVE ONE-FOURTH THEIR NORMAL COMPLEMENT OF WORKERS AND SOME HAVE MUCH LESS. GROWERS ARE TRYING TO RECRUIT LABOR IN THE CENTER OF THE COUNTRY AROUND NOVA LISBOA, WHERE THE BAILUNDOS WHO MAKE UP THE LARGEST SHARE OF MIGRANT WORKERS LIVE. THEY ARE NOT HAVING MUCH LUCK, DESPITE THE HIGHER WAGES THEY ARE OFFERING, BECAUSE OF THE CONFLICTING INTERESTS OF THE LIBERATION MOVEMENTS, FEAR ON THE PART OF THE BAILUNDOS AND UNWILLINGNESS TO SIGN CONTRACTS FOR LONGER THAN SIX MONTHS. CASH WAGES BEING OFFERED WORKERS THIS YEAR RANGE FROM FORTY TO FIFTY ESCUDOS A DAY, UP FROM TWENTY FIVE TO THIRTY ESCUDOS LAST YEAR (APPROXIMATELY 25 ESCUDOS EQUALS ONE US DOLLAR AT THE OFFICIAL RATE). IN ADDITION, EMPLOYERS PROVIDE HOUSING, FOOD AND MEDICAL ATTENTION.

4. NORMALLY THE BAILUNDOS SIGN CONTRACTS FOR ABOUT A YEAR. NOW, HOWEVER, THEY ARE UNWILLING TO BE AWAY FOR MORE THAN A FEW MONTHS. WITH ELECTIONS AND INDEPENDENCE LOOMING IN OCTOBER-NOVEMBER AND THE PROSPECT OF VIOLENCE VERY MUCH ON THEIR MINDS, THEY DO NOT WANT TO RISK BEING CAUGHT AWAY FROM HOME. GROWERS, ON THE OTHERHAND, ARE TRYING TO GET EIGHT MONTH CONTRACTS, WHICH WOULD GIVE THEM LABOR FOR WEEDING, HARVESTING AND POST-HARVEST PRUNING. AS THE FEARS OF THE BAILUNDOS ARE NOT GOING TO BE ALLEVIATED, THE OWNERS PROBABLY WILL HAVE TO ACCEPT SHORTER CONTRACTS AND POSSIBLY EVENT OFFER MORE MONEY, ALTHOUGH THEY CLAIM THIS WILL BE DIFFICULT TO DO BECAUSE OF THE DEPRESSED PRICES FOR COFFEE IN WORLD MARKETS.

5. THE ATTITUDES OF THE LIBERATION MOVEMENTS IN THE COFFEE REGIONS ARE NOT READILY DISCERNED. ALL CLAIM TO FAVOR WORK AND ECONOMIC PROSPERITY AND ALL URGE GOOD WILL AND COOPERATION ON THEIR FOLLOWERS, BUT THE REALITIES SEEM TO BE QUITE DIFFERENT THAN THE RHETORIC. SINCE OUR PREVIOUS REPORTS DESCRIBING THE ASSUMPTION

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BY FNLA OF CONTROL IN THE NORTH, THE MPLA HAS BECOME MORE ACTIVE IN THE REGION AND NOW HAS SUBSTANTIAL INFLUENCE IN MANY VILLAGES. FNLA REMAINS THE PREPONDERANT MILITARY FORCE, BUT IT HAS MADE SUFFICIENT MISTAKES OF JUDGMENT TO PUT AN END TO THE EARLY EUPHORIA THAT SAW FNLA AS THE GUARANTOR OF LAW AND ORDER. A SERIOUS INCIDENT IN QUIMBELE, NEAR THE ZAIRIAN BORDER, IN WHICH FNLA SOLDIERS

ATTACKED WHITES AND MOLESTED THEIR WOMEN HAS CAUSED A GOOD DEAL OF ANXIETY IN THE NORTH. AGOSTINHO NETO WAS CAMPAIGNING IN THE DEMBOS BETWEEN CAXITO AND QUITEXE WHEN I TRAVELLED THROUGH THAT AREA AND MPLA CONTINUES TO HOLD THE UPPER HAND THERE. UNITA HAS POLITICAL ORGANIZERS IN THE NORTH WHO TRAVEL ABOUT UNARMED AND ARE ENGAGED IN MAKING SURE THE BAILUNDO LABORERS SIGN UP WITH UNITA AND REMAIN IN THE PARTY. WE HAVE RECEIVED REPORTS THAT UNITA HAS TRIED TO GET COMMITMENTS FROM THE OTHER MOVEMENTS THAT THEY WILL NOT ATTEMPT TO WIN OVER THE BAILUNDOS. ONE SOURCE HAS SAID UNITA IS ALSO TRYING TO SIGN UP LABORERS BEFORE THEY MOVE NORTH.

6. RETURNING REFUGEES FROM ZAIRE ARE A POTENTIAL SOURCE FOR LABOR ON THE FAZENDAS, BUT FEW HAVE SHOWN UP AROUND CARMONA AND THOSE WHO HAVE COME BACK SEEM MORE INTERESTED IN GETTING A PIECE OF LAND FOR THEMSELVES THAN IN WORKING FOR OTHERS. ONE FARMER TOLD ME THAT FNLA'S PREVIOUSLY EXPRESSED GUARANTEES TO WHITE GROWERS OF PROTECTION FOR THEIR PROPERTY HAS BEEN MODIFIED TO ONE OF PROTECTION DURING THIS YEAR ONLY. FNLA LOCAL LEADERS APPARENTLY HAVE SAID THEY DO NOT KNOW WHAT WILL HAPPEN NEXT YEAR, AFTER LARGE NUMBERS OF REFUGEES WILL HAVE RETURNED AND LAID CLAIM TO LANDS NOW IN THE HANDS OF WHITES. I DO KNOW FROM MY CONVERSATIONS WITH OFFICIALS IN LUANDA THAT LAND POLICY IS A KEY ISSUE FOR ALL THREE LIBERATION MOVEMENTS AND THERE IS TALK OF RETURNING TO BLACKS LANDS THAT WERE WRONGFULLY TAKEN FROM THEM DURING THE COLONIAL PERIOD. A POLICY HAS YET TO BE ENUNCIATED, BUT ENOUGH HAS BEEN SAID AT THE UPPER LEVELS OF GOVERNMENT TO GIVE LAND OWNERS PAUSE. VERY FEW, IF ANY, ARE INVESTING IN CAPITAL IMPROVEMENTS. THIS IS TRUE NOT ONLY IN COFFEE, BUT IN CATTLE, COTTON AND OTHER CROPS.

7. ONE OF THE MAJOR ITEMS OF THE SPECULATION AMONG THE GROWERS IS THE EXTENT TO WHICH MPLA IS TRYING TO INSTIGATE TROUBLE ON THE FAZENDAS AND TO STOP BAILUNDOS FROM COMING NORTH. GROWERS AND EXPORTERS IN LUANDA ARE UNANIMOUS IN THEIR CONDEMNATION OF MPLA  
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"AGITATION" ON THE FARMS. WHEN I WAS OUT IN THE CARMONS AREA, HOWEVER, I WAS TOLD THAT MPLA ACTIVISTS ARE NOT A PROBLEM ON THE FAZENDAS. MPLA DOES SEEM TO BE ACTIVE IN THE VILLAGES, WHERE IT PROSELYTIZERS RIDICULE FNLA PROTECTION OF WHITES AND THEIR PROPERTY.

8. ANGOLAN COFFEE EXPORTERS ARE ALSO CONCERNED ABOUT THEIR EXPORT MARKETS. THEY SAY THEY HAVE RECEIVED VIRTUALLY NO ORDERS THIS YEAR. THREE FACTORS SEEM TO BE INVOLVED: A SHORTAGE OF SHIPS; THE PARALLEL COMPLAINTS BROUGHT AGAINST THE ANGOLANS IN A FEDERAL COURT AND THE INTERNATIONAL TRADE COMMISSION TO THE EFFECT THAT THEY CONSPIRED TO RESTRAIN TRADE; AND AN UNWILLINGNESS ON THE PART OF IMPORTERS TO BUY ANGOLAN COFFEE. THE ANGOLANS SEEM UNCONCERNED ABOUT THE SHIPPING PROBLEM. FARRELL LINES WILL NOT COME INTO LUANDA UNTIL IT OBTAINS A GUARANTEE OF TPP TONS PRODUCTIVITY A DAY AND

PRIORITY BERTHING, BUT THE EXPORTERS ARE CONVINCED THE PORT PROBLEM IS WELL ON THE WAY TO IMPROVEMENTS, IF NOT SOLUTION. IN ADDITION A LOCAL ORGANIZATION HAS STARTED CARRYING COFFEE TO THE U.S. THE CONSPIRACY TO RESTRAIN TRADE CHARGE BOTHERS THEM AND THEY ARE RESENTFUL, BUT THEIR PRINCIPLE PREOCCUPATION IS THAT IMPORTERS OF ANGOLAN COFFEE AGAIN EXPECT POLITICAL AND ECONOMIC CHAOS THAT WILL RESULT IN FALLING COFFEE PRICES AND THE CHANCE TO BUY COFFEE AT CUT RATES. THE ANGOLANS CLAIM THIS IS ESSENTIALLY WHAT THE PLAINTIFFS

IN THE CONSPIRACY CASES WERE LOOKING FOR LAST YEAR WHEN THEY SOLD ANGOLAN COFFEE SHORT AFTER THE APRIL 25 COUP IN LISBON. THE DIFFERENCE THIS YEAR IS THAT INSTEAD OF SPECULATING POTENTIAL BUYERS ARE WAITING TO SEE WHAT HAPPENS. ACCORDING TO THE ANGOLANS, U.S. ROASTERS ARE BUYING THE ABSOLUTE MINIMUM AND HOPE FOR THE BOTTOM TO FALL OUT OF THE MARKET.

9. TO SUM UP, THE SHORT TERM OUTLOOK FOR COFFEE, AS WELL AS OTHER CROPS, IS POOR, AND THE LONGER TERM PROSPECTS ARE UNCERTAIN, AT BEST. THE WHITE ANGOLAN FARMER/EXPORTER IS TOUGH AND ADAPTABLE. HE NOT ONLY LIVES OFF THE LAND, HE IS OF THE LAND. HE DOES NOT WANT TO LEAVE. HE WILL COOPERATE WITH THE LIBERATION MOVEMENTS AND MEET THEM AT LEAST HALFWAY, BUT THERE IS SO MUCH UNCERTAINTY IN THE AIR AT THIS MOMENT AND SO MANY CONFLICTING FORCES AT WORK THAT HE CANNOT SEE CLEARLY WHETHER HE WILL SURVIVE ECONOMICALLY OR, INDEED, WHETHER HE WILL BE ALLOWED TO SURVIVE.  
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